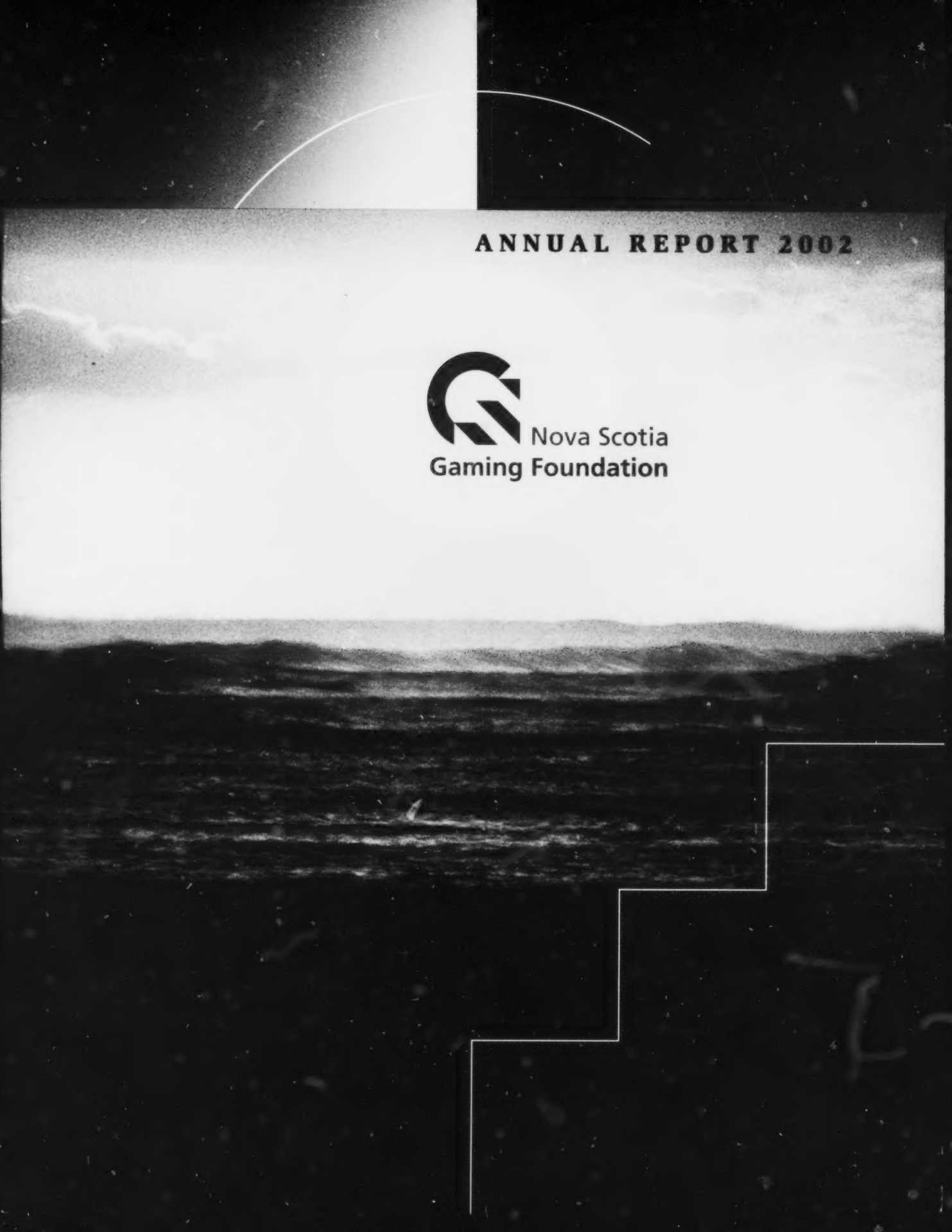

ANNUAL REPORT 2002
Nova Scotia
Gaming Foundation

103-04625/

NOVA SCOTIA GAMING FOUNDATION

The Foundation's primary focus is to fund short-term community projects that address problem gambling and its consequences. Eligible projects include those developed to support prevention, education, treatment, remedial intervention and research. The Foundation also provides annual operational funding to organizations that deliver services to those affected by all addictions.

Eligible organizations include Nova Scotia registered charities and community groups and educational institutions, as well as select agencies, boards, commissions and government departments.

The Foundation also helps raise awareness of problem gambling by publicizing the grant programs it offers, the projects it approves and the results and impacts of funded projects.

The Foundation's grant programs include:

Community Projects I – up to $10,000 for projects that are usually completed within one year.

Community Projects II – up to $60,000 for projects that are usually completed within three years.

Community Projects III – up to $300,000 for projects that are usually completed within five years.

Research Grant I – up to $60,000 over three years.

Research Grant II – up to $300,000 over five years.

Community Group Operational Grants – problem gambling and other addictions.

The organization was established in 1998 through legislation and is governed by a volunteer Board of Directors from the community at large. The Board is appointed by and accountable to the Nova Scotia Minister of Health. The Board is supported in its work by a staffed office that helps administer the programs offered by the Foundation, promotes the funding programs available and manages the approval process and communication with potential applicants.

The Foundation is funded by a portion of video lottery terminal (VLT) gaming revenues. The portion of VLT revenues collected constitutes one percent of annual commissions from VLT retailers in Nova Scotia. This amount is matched by the Nova Scotia Gaming Corporation (NSGC).

HISTORY

When the Foundation was first created, the Nova Scotia Gaming Corporation (NSGC) was responsible for its administration. In December 1999, an Order-in-Council changed the responsibility for the Foundation from the NSGC to the Nova Scotia Minister of Health.

In the spring of 2000, an interim Board of Directors was appointed to oversee the Foundation. The interim Board was comprised of senior civil servants from the Nova Scotia departments of Health, Justice, Community Services, Education, Municipal Affairs and Service Nova Scotia. Later that year the Foundation's Program Administrator was hired.

During this initial Board's tenure, it developed the Community Projects III and Research Grant funding that allowed for more substantive projects to be undertaken. It also expanded the opportunities to community groups by implementing quarterly grant application deadlines for non-research related proposals and approving research proposals annually. In 2000-2001, the interim Board of Directors reviewed 10 applications and awarded funding to three applicants, with funding disbursement totaling $43,083.

MESSAGE FROM THE CHAIR

On behalf of the Board of Directors of the Nova Scotia Gaming Foundation I am pleased to present the Foundation's first Annual Report.

The mandate of the Foundation is to support short-term projects for the prevention, treatment, education, remedial intervention and research of the impacts of gambling.

This year, the Board saw significant changes in the Foundation's operations. We embarked on several initiatives that were part of our new three-year Strategic Plan. We added a program of annual operational funding for organizations helping individuals who are dealing with both problem gambling and other addictions to our short-term community project and research funding programs.

We also took steps to begin getting the word out about the funding grants and our mission. We are very proud to unveil our new logo, which is in evidence throughout this report. This logo came to life through consultation with our stakeholders, who identified what the Nova Scotia Gaming Foundation means to them.

On the operational side, the Foundation funded 18 projects this year, disbursing $600,849 to organizations across the province. We sought balance in approving the funding applications that came before us. We made decisions based on our mission and mandate and thoughtful reviews of the merits of the projects. We also sought to fund a balanced portfolio of projects, seeking diverse projects, some large, some small and from across the province. As the Foundation continues to evolve and grow in knowledge, we will continue to be guided by the needs of individuals and families in Nova Scotia who are working through the serious impact of problem gambling in their lives.

Since its beginnings in March 1998, the Foundation has granted over $1.6 million to successful applicants. The production of this report marks the beginning of the Nova Scotia Gaming Foundation's plan to increase awareness about the projects that are helping to alleviate the effects of problem gambling.

The interim Board of Directors, in place from Spring 2000 until the current community-appointed Board was named this year, deserves recognition for their solid efforts. They created the policy and procedure framework which has allowed the new Board to get on with the job quickly and efficiently.

Five projects are highlighted in this report. They reflect the Foundation's commitment to

Nova Scotia
Gaming Foundation

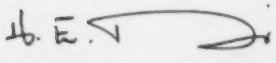
(left to right)
STAFF: *Donna Boutilier, Program Administration Officer* ***BOARD OF DIRECTORS 2001-2002:*** *Hubert Devine, Chair; Robert MacDonald, Vice-Chair; Delbert Muise, Treasurer; Hugh D. MacDonald, Board Member* ***MISSING FROM PHOTO:*** *Joe Marsh, Board Member*

a broad range of initiatives that address gambling-related concerns in communities across Nova Scotia.

We hope that you are inspired by what you read in the following pages. We also encourage you to contact us with your feedback.

As a final comment, the Board wishes to extend its thanks and commendations to Donna Boutilier, Program Administrator for the Foundation. She has shown exemplary professionalism, diligence and excellence in conducting the day-to-day business of the Foundation and in maintaining strong positive ties with applicants and our multiple stakeholders. Donna has consistently demonstrated the values by which the Foundation aspires to operate with her special blend of skills and personal qualities.

Sincerely,



Hubert Devine
Chair

2001-2002 HIGHLIGHTS

In March 2001, the Foundation's first community-based Board of Directors was appointed by the Nova Scotia Minister of Health. The members were: Joseph Marsh, Sydney; Robert MacDonald, New Glasgow; Hugh MacDonald, Craignish; Delbert Muise, Sainte-Anne-du-Ruisseau; and Hubert Devine, Yarmouth. Mr. Devine was also appointed Chair of the Board.

In April 2001, the Foundation signed a Memorandum of Understanding with the Nova Scotia Health Research Foundation for peer-review of its research grants. The addition of this review process ensured all approved Foundation research projects met high quality, recognized research standards. This external assessment is of great benefit to both the Foundation and the applicants. A positive relationship has developed between the two Foundations, and we are pleased that it will continue.

In July 2001, the Foundation expanded its mandate to provide annual operational funding to community-based groups who more directly help individuals suffering from the affects of both problem gambling and other addictions. The first deadline for operational funding was September 15, 2001. All subsequent operational funding applications are due March 1 with funding decisions made by March 31.

In February 2002, the Foundation created a Strategic Plan outlining its main business goals, plans for a major international gambling conference and areas for change and continuous improvement over the next three years. The need for a marketing plan to raise the awareness of the Foundation and its funding programs was recognized in that planning process. Plans began this year to get that project underway, including the development of a new logo, marketing literature and a database of organizations that might be interested in creating projects in their communities.

The Board met nine times this year and reviewed 28 applications during this time. Eighteen of those applications were funded, for a total disbursement of $600,849. The number that is cited in our audited financial statements for the year ended March 31, 2002, is approximately $30,000 less than this total. This difference is a result of the Board releasing funds previously committed to grants that had been completed but dormant over the year.

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"START" NOW, START EARLY

Perhaps the words of a teenage participant say it best: "Thanks for being so great. You guys really understand teenagers. And that is so significant to me because I never really met adults that could understand before..."

These words spell out the success of an early intervention program that encouraged youth in Cape Breton to examine their addictions in a safe and supportive environment. This project, START (short-term adolescent residential treatment) was funded by the Foundation's community operational funding. This program provides funding for other addictions as well as problem gambling.

The project was initiated by Addiction Services in the District Health Authorities (DHA) of Guysborough-Antigonish-Strait area and Cape Breton. It offered a two-week residential treatment program for youth. The program included a school and recreational component and had a high level of family involvement recognizing that involved parents and caregivers were an important part of a youth's recovery program.

The Gaming Foundation funded three, two-week programs. Andre Campbell, Clinical Therapist, Addiction Services for the DHA said, "There were a number of measures of success for the program. Foremost were the evaluations of the program by the adolescents themselves."

Overwhelmingly, the participants said they enjoyed and learned from the program and could apply this knowledge to their own situation.

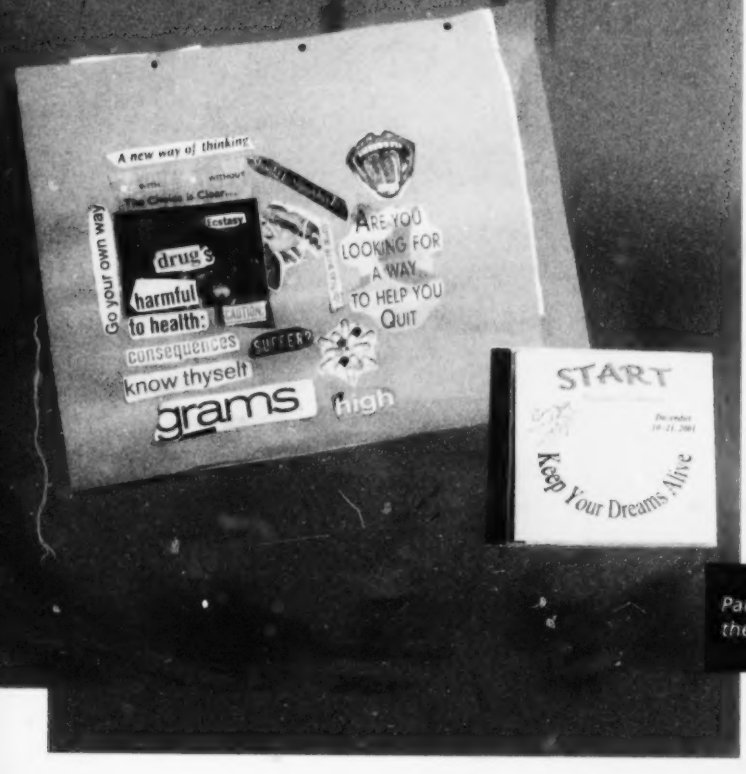
The parents also were very positive. They participated in parent education and support groups during the two weeks and many continued their involvement afterward.

The lasting effect of the program has shown up in continued contact with the teens and their families. Campbell said, "Given what is known about teen retention rates in treatment, it is very encouraging that they are continuing to follow through with support groups and individual counselling." Twenty-two of the 27 adolescents completed and graduated from the program.

For more information about the START program, contact Andre Campbell at (902) 563-2063, or by email at campbell@addictionservices.ns.ca

"Take advantage of the wonderful opportunity for funding provided by the Nova Scotia Gaming Foundation to do something innovative and meaningful in your community, your community deserves it."

Andre Campbell



Participants in the START program used art and music to express their feelings.

A WORLD OF DIFFERENCE

Many front line organizations focusing on individuals and their recovery from addictions struggle with annual fund raising to continue operations and services. This struggle is unrelenting while their client base continues to grow in Nova Scotia.

"There was a definite need for our program," said Joe Gibson, executive director of the Freedom Foundation of Nova Scotia. "Within three months of opening our doors, we were full and our numbers have stayed near capacity since."

The Freedom Foundation received a community group operational grant this year from the Gaming Foundation to assist with its core operations.

The Freedom Foundation offers transitional housing and provides services for men, aged 19 and over, which foster recovery from addictions and the development of positive self-image and self-worth in a secure and caring home-like environment.

However, like many of the community groups that apply for funding through this grant program, Freedom Foundation historically found itself in the position of trying to find enough funds to keep the program going for the entire year – reductions in service and staff layoffs at some point in the year were common. The time devoted by their Board and executive director to finding the money to continue was time away from developing programs and helping the men who came to the foundation.

Since receiving the grant, the Freedom Foundation has had the time to devote to improving their program. They have allocated resources for staff training and development, they are creating a database for their case files and are developing a program to do follow-up and monitoring of clients who have moved on from the program.

"Receiving the grant from the Nova Scotia Gaming Foundation has made a world of difference to our organization. For the first time in years, we have been able to shift the focus from scraping together enough money to survive the year, to improving the program and starting to create long-term plans," said Gibson. "I invite anyone to come and visit our house – you will see need, and you will see hope – plain and simple."

Freedom Foundation of Nova Scotia is a not-for-profit agency that was created in 1988 by a group of concerned citizens. Since its inception, Freedom Foundation has assisted over 525 individuals with their recovery.

Pictured above in front of the Freedom Foundation house are NS Gaming Foundation board and staff with members of the Freedom Foundation board and staff.

One-on-one counselling between a staff member and a resident of the Freedom Foundation.

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FIRST, CERTAINLY NOT THE LAST

You have to take note, if only for the name of the group and then for the seriousness of their area of concern.

The Gambling Awareness Seniors Population (GASP) Committee was formed within the Capital District Health Authority two years ago to raise awareness of the problems associated with gambling and to explore the potential for problems within their senior population.

Their project, funded by the Gaming Foundation's community projects program, focused on the metro region of the Halifax Regional Municipality (HRM). GASP is first in the province to explore the nature and extent of problem gambling with seniors.

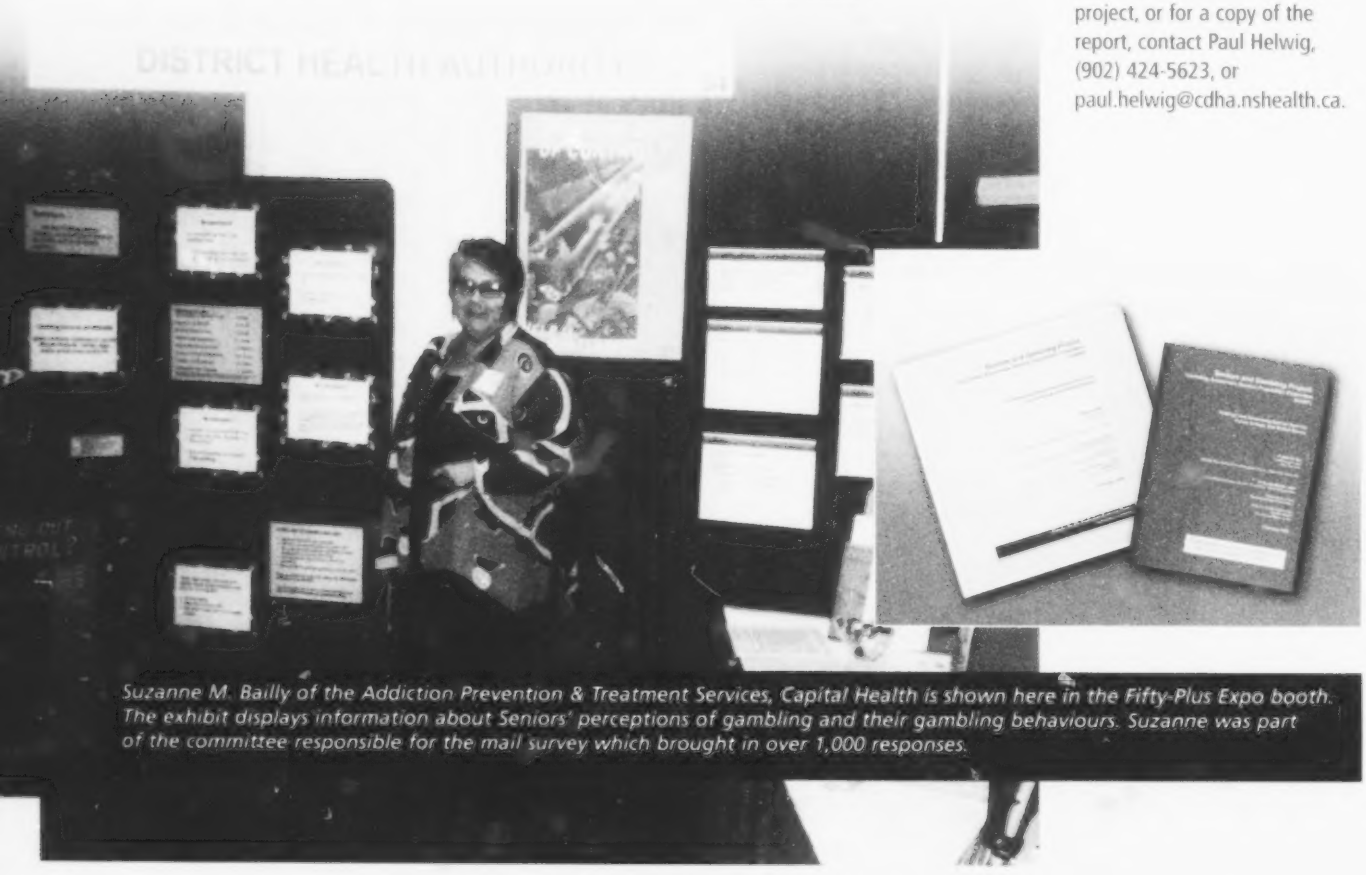
"Little is known about gambling and seniors," said Paul Helwig, study manager. Previous gambling studies in the province did not focus on seniors in particular, and the committee wanted to know more about this population. The project's purpose was to enhance their knowledge, raise awareness of the problems associated with gambling and make recommendations for services in treatment and prevention.

The project gathered information about seniors' perceptions of gambling and their gambling behaviours. Thirteen focus groups were conducted with 108 participants and 1,314 people responded to the mailed survey.

The results identified that problems did exist, that more education was needed, and that the problem gambling of a family member may lead to the exploitation of a senior. The report identified a number of recommendations for addressing these issues.

Representatives from the seniors' community centres in HRM participated in the study's development. Helwig said, "As a result of their involvement, there is increased networking among the individuals who participated, greater awareness of the issues around problem gambling and there are more referrals being made for those who may have problems."

For more information on this project, or for a copy of the report, contact Paul Helwig, (902) 424-5623, or paul.helwig@cdha.nshealth.ca.



Suzanne M. Bailly of the Addiction Prevention & Treatment Services, Capital Health is shown here in the Fifty-Plus Expo booth. The exhibit displays information about Seniors' perceptions of gambling and their gambling behaviours. Suzanne was part of the committee responsible for the mail survey which brought in over 1,000 responses.

A LITTLE GOES A LONG, LONG WAY

Many of the projects funded by the Gaming Foundation are smaller, community-based initiatives, putting various problem gambling resources and information more directly in the hands of those who have immediate need.

The resources purchased and distributed to District Health Authority's Addiction Services locations throughout Western Nova Scotia is such an example.

"These new resources, videotapes, books and related materials, helped enhance the service to individuals in the region," said Jim Morton, Manager, Primary Care Treatment Programs. The materials assisted staff development by serving as therapeutic and training resources. The materials were also available to loan directly to client families.

Staff had been looking for new ways to increase and improve their knowledge of problem gambling, but there were very few current resources available for use in the region said Morton.

Problem gambling professionals from across the province were consulted and contributed suggestions for choosing appropriate materials. These new resources were purchased and distributed throughout the region as planned. Today, 26 different problem gambling resources are available for use by problem gamblers and their families in all parts of Western Nova Scotia. "The Nova Scotia Gaming Foundation made it possible for Addiction Services to 'bridge the gap' and the result is an enhanced service that, every day, helps better meet the needs of clients and their families."

"The new materials are being loaned regularly and are contributing to the quality of discussions in counselling interviews," said Morton. "They are also regularly used during training and group education sessions."

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Jim Morton, Manager
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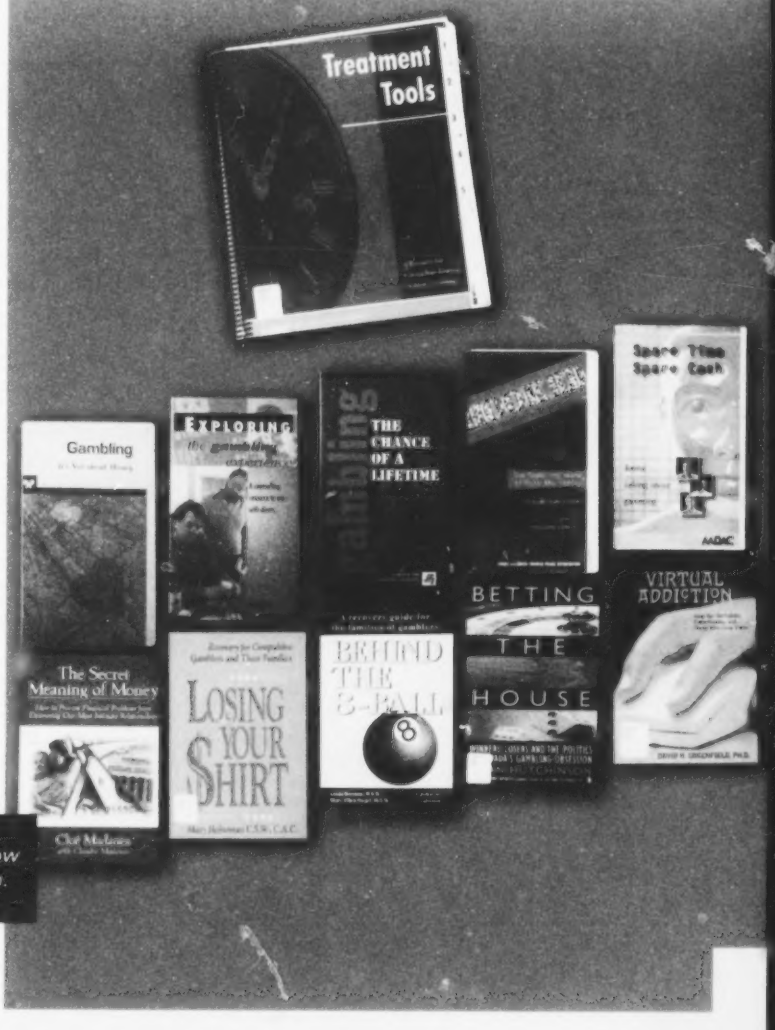

A selection of many gambling addiction resource materials now available for loan throughout the Western Nova Scotia region.

BRIGHT COLOURS, BEER POSTERS

Deep in the maze of the Life Sciences Centre of Dalhousie University's Department of Psychology, you will find a unique set of rooms – but not dorm rooms and not classrooms.

The small two-room lab provides researchers with a rare opportunity to study the behaviours of people while they are gambling.

This lab, described by lab manager and researcher Pam Loba, as a "naturalistic" setting, has been set up so that it mimics, as close as possible, the real environment in which you would find a Video Lottery Terminal (VLT). This means bright colours, beer posters, music videos, a licensed bar and two VLTs.*

The VLTs are just like those found in bars across Nova Scotia. The electronic control of the machines is maintained through Atlantic Lottery Corporation (ALC) and the odds of winning or losing on the bar-lab VLTs are the same.

Several gambling lab studies have been funded by the Gaming Foundation's research grant program. The results of which will provide information to clinicians, policy makers and other stakeholders that improve our ability to treat and prevent problem gambling.

One of the earlier projects studied how modifications or changes made to VLT machines would affect gambling behaviour in regular VLT players. Specifically, the study was designed to identify what changes would make the games less attractive to people at risk for gambling problems.

Results of the study showed that displaying a running total of cash spent made it easier for problem gamblers to stop playing VLTs. The study also showed that slowing down speed of play and turning off the sound made it less exciting and enjoyable, making it easier for problem gamblers to stop playing. The researchers said there was only one surprise from their study. Although they found many benefits of the sensory features manipulation on gambling, some players reported an increased desire to drink alcohol when playing the VLTs with slowed speed and no sound.

More recently, Dr. Sherry Stewart, associate professor, spearheaded a number of studies on the relationship between alcohol and gambling. One of the studies looked at the high rates of alcohol use during gambling activity. A computerized task was used to explore subjects' thoughts about drinking alcohol pertaining to gambling wins and losses and what the triggers for those thoughts are. The study found that gambling wins can automatically activate thought about alcohol, that this thought activation could further promote alcohol use behaviour in an involuntary manner, and that this may be one process that contributes to problem gambling and alcohol misuse.

Mike Ellery, a doctoral student in the Department of Psychology, is currently investigating the connection between "chasing" behaviour and problem gambling among people who regularly play VLTs. The idea for the project came out of previous work done at the lab that explored whether risk taking behaviours were different between problem and non-problem gamblers. The study results are due in June 2003.

**Note: All of the research at the lab follows strict ethical guidelines and practices approved by the University's Ethics Committee.*

For more information on the Dalhousie Gambling Lab, contact Pam Loba, Lab Manager, at 494-6488, or vltstudy@is.dal.ca.

(left) A Video Lottery Terminal at the Dalhousie Gambling Lab for studying gamblers and (right) a computer game designed by Dalhousie that monitors a person's reaction time.

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Health

I have audited the balance sheet of the Nova Scotia Gaming Foundation for the year ended March 31, 2002, and the statement of operations and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Gaming Foundation as at March 31, 2002, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 15, 2002

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
CURRENT ASSETS		
Cash	$ 4,444,811	$ 3,922,293
Accrued interest	6,667	16,038
Due from Nova Scotia Gaming Corporation	76,376	67,571
	$ 4,527,854	$ 4,005,902
CURRENT LIABILITIES		
Accounts payable	$ 18,319	$ 36,800
Grants payable	682,139	425,323
	700,458	462,123
FUND BALANCE	3,827,396	3,543,779
	$ 4,527,854	$ 4,005,902

Approved by:

Deputy Minister

Director

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	478 Days Ended March 31, 2001 (Note 5)
REVENUES		
Nova Scotia Gaming Corporation	$ 404,216	$ 474,176
VLT retailers	404,216	474,176
Interest	132,168	226,592
	940,600	1,174,944
EXPENSES		
Grants	574,740	43,083
Board meetings	18,801	–
Committee meetings	2,253	–
Administrative salaries and benefits	50,885	26,636
Travel	754	90
IT hardware and supplies	4,473	–
Printing and advertising	2,577	8,420
Professional fees	2,500	3,380
Office	–	249
	656,983	81,858
Excess of revenues over expenses	283,617	1,093,086
FUND BALANCE, beginning of year	3,543,779	2,450,693
FUND BALANCE, end of year	$ 3,827,396	$ 3,543,779

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	478 Days Ended March 31, 2001 (Note 5)
Cash Flows from Operating Activities	$ 283,617	$ 1,093,086
Add (deduct) changes in non-cash working capital		
Change in accrued interest	9,371	(14,461)
Change in due from Nova Scotia Gaming Corporation	(8,805)	(1,223)
Change in accounts payable	(18,481)	35,882
Change in grants payable	256,816	(29,790)
	522,518	(9,592)
Increase in cash	3,922,293	1,083,494
CASH, beginning of year	3,922,293	2,838,799
CASH, end of year	$ 4,444,811	$ 3,922,293

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

1. DESCRIPTION OF THE FOUNDATION

On March 11, 1998, the Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The purpose of the Foundation is to receive, maintain and disburse VLT Problem Gaming Fund monies in furtherance of the purposes set out in the Gaming Control Act, including research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailer agreements, to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Gaming Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

2. TRANSFER OF RESPONSIBILITY

On December 1, 1999, Lieutenant Governor in Council amended the Nova Scotia Gaming Foundation Regulations by Order in Council 1999-592 replacing the Nova Scotia Gaming Corporation with the Minister of Health as the body responsible for the Foundation effective December 8, 1999. The Foundation is managed by a Board of Directors.

3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles.

4. ADMINISTRATIVE SERVICES

Accounting services are provided by the Department of Health at no cost.

5. COMPARATIVE FIGURES

The financial statements for 2001 included 478 days.

CURRENT AND PAST PROJECTS

PROJECTS FUNDED 2001-2002

Since its inception, the Nova Scotia Gaming Foundation has funded diverse projects in communities across the province. Projects supported have been both big and small, touching all aspects of problem gambling – from research at our province's universities to organizations helping people directly in everyday settings.

Through its funding programs this year, the Foundation has helped organizations buy new educational resources enabling individuals and their families to have access to the most current information, supported research to study the link between gambling and alcohol abuse, helped raise awareness with seniors and provided operational funding to community-based transition houses that provide homes, counselling and treatment plans to individuals who are struggling with the affects of gambling and other addictions.

2001-2002 project funding totaled $600,849. The following list outlines the projects to which the Foundation provided funding this year.

Gambling Information Workshops / Media Campaign
Addiction Services, DHA's 4, 5, 6

The Acquisition of Problem Gambling Resources for District 7
Addiction Services, DHA 7

The Acquisition of Problem Gambling Resources for Cape Breton District Health Authority
Addiction Services,
Cape Breton DHA

Gambling and Cross-Cultural Counselling
CHOICES Program

Development of a Computerized, Integrated Test Battery for Attention
Dalhousie University,
Dal Gambling Lab

The Effectiveness of Auricular Acupuncture in Treating Problem Gambling – Phase I
Drug Dependency Services,
Capital DHA

Contributions of Attentional Mechanisms to Understanding Relations between Disordered Gambling Behaviour and Alcohol Misuse
Dalhousie University co-funded with Ontario Problem Gambling Research Centre

Gambling Awareness Seniors Population Committee (GASP)
Capital District Drug Dependency Services

Nova Scotia Problem Gambling Prevalence Monitoring Project
Problem Gambling Services,
Nova Scotia Department of Health

Freedom Foundation Operational Funding Grant
Freedom Foundation of Nova Scotia

Addiction Services, DHA's 4, 5, 6 Operational Funding Grant
Addiction Services, DHA's 4, 5, 6

Addiction Services, DHA's 7 & 8 Operational Funding Grant
Addiction Services, DHA's 7 & 8

Recovery House Operational Funding Grant
Recovery House

Does Chasing Behaviour Differ During Video Lottery Terminal (VLT) Play Among Probable Pathological and Non-pathological Gamblers?
Dalhousie Gambling Lab, Dalhousie University

PROJECTS FUNDED 2002-2003

The Open Door Homeless Shelter Society 2002/2003 Operational Funding Grant
The Open Door Homeless Shelter Society

Freedom Foundation of Nova Scotia 2002/2003 Operational Funding Grant
Freedom Foundation of Nova Scotia

Addiction Services, DHA's 7 & 8 2002/2003 Operational Funding Grant
Addiction Services, DHA's 7 & 8

Addiction Services, DHA's 1, 2, 3 2002/2003 Operational Funding Grant
Addiction Services, DHA's 1, 2, 3

PROJECTS FUNDED IN PAST YEARS HAVE INCLUDED:

Douglas Murphy Outreach Centre
Compulsive and Problem Gamblers Society

VLT Harm Reduction Study – Phases I & II
Dalhousie University, Dept. of Psychology

Problem Gambling Prevention for Grades 4-6
Department of Education and Culture

"Drawing the Line" – French Translation
Department of Health

Gambling Awareness Seniors Population Committee (GASP)
Capital District Health Authority, Drug Dependency Services

Making Material Resources Strategically Available to Problem Gamblers and their Families
Western Region Addiction Services

Gambling Resources for Service Customers, Treatment Staff and Community
Addiction Services, DHA's 4, 5, 6

BOARD OF DIRECTORS 2001-2002

Hubert Devine, Chair
Yarmouth

Robert MacDonald, Vice-Chair
New Glasgow

Hugh D. MacDonald, Board Member
Craignish

Joseph Marsh*, Board Member
Sydney

Delbert Muise, Treasurer
Sainte-Anne-du-Ruisseau

*term expired February 28, 2002

STAFF

Donna Boutilier, Program Administration Officer

CONTACT INFORMATION

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*coming soon

Nova Scotia
Gaming Foundation